

Financial Performance to March 2026

Report of the Treasurer

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1 Purpose of Report

This report provides information on the financial performance of the Service, and seeks approval for action, where necessary.

2 Recommendations

The Fire Authority is asked to:

- a) Review the position of the revenue budget;
- b) Approve virements to the revenue budget, where requested;
- c) Receive the position of the capital programme, and
- d) Receive the annual review of treasury activities for 2025/26.

3 Background

This report presents a review of financial performance to the end of 2025/26 and covers the monitoring of revenue budgets and the review of treasury management activities, including prudential indicators. The financial year is currently being closed, and the final position may change.

4 Revenue Budget

Monitoring has completed on the revenue budgets for 2025/26, and a summary of the total position is shown below.

Directorate	Original Budget £'000	Budget on 31 Mar 26 £'000	Spend £'000	Balance £'000	Spent %	Variances Qtr4 £'000	Year end budget position £'000
Executive & Resources							
Pay	1,934	1,779	1,882	-103	106%	91	1,870
Non pay	3,119	3,599	4,120	-521	114%	256	3,855
	5,053	5,378	6,002	-624	112%	347	5,725
Service Delivery							
Pay	18,487	18,774	19,537	-763	104%	519	19,293
Non pay	279	357	469	-112	131%	90	447
	18,766	19,131	20,006	-875	104%	609	19,740
Corporate Governance							
Pay	2,740	3,222	2,843	379	88%	-308	2,914
Non pay	2,599	2,937	3,093	-156	105%	0	2,937
	5,339	6,159	5,936	223	96%	-308	5,851
Contribution to Reserves	-2	-509	-702	193	138%	0	-509
Pay and Prices							
Contingency	404	701	-	701	0%	-605	96
Capital	1,880	680	611	69	90%	0	680
Income	-1,356	-1,456	-1,830	374	126%	-43	-1,499
Total	30,084	30,084	30,023	61	99%	0	30,084

The position to March can now be reported with exceptions identified shown in the following table:

Service Area	Variance	Over/ Under £'000
Executive and Resources	Executive pay Additional expenditure due to temporary ACFO cover	-35
	Resources pay Additional pay costs to cover Equipment Contract Manager post	-24
	Additional costs in workshops due to additional staff in place for part of the year, post review and overtime	-32
	Repairs and Maintenance Increased need for reactive maintenance across stations, including lighting and wiring in the last quarter	-200
	Utilities Increased costs in the last quarter, largely around timing of final bills	-56
	Income Additional sales proceeds and insurance income	43
	Corporate Governance	ICT pay Further underspends due to staff vacancies and unspent balances in this area
Planning and Performance pay Underspend due to staff vacancies		61
Transformation & Collaboration pay Balance of funds transferred for secondment		28
Additional spend in officer post		-9
Human Resources Underspends from vacancies and part filled posts		39
Increase required in apprenticeship levy		-16
Service Delivery		Area Command pay Additional fixed term contracts were put in place to cover long term sickness
	Temporary vacancies and movements	45
	Increased overtime costs	-75
	On Call pay Additional costs due to increased activity	-55
	Control pay Secondments and cover for maternity leave and career break	-108
	Staff costs for secondments to Command & Control Project Board	-67

Service Area	Variance	-Over/ Under £'000
	Training Costs include recertification courses for instructors, licensing costs and training supplies	-90
	Operations Additional project officer post in place Health & Safety Manager vacancy	-57 14
	Prevention Additional watch manager covering long term sickness Savings on volunteer and I Learn budgets GM vacancy Part filled posts and on costs	-47 30 28 33
	Total	-605

Virements that have been approved using powers delegated to the Chief Fire Officer, Treasurer and Head of Finance are shown in the table below

Virement approved	Reserve	£'000
Hire of telehandler at Training Centre	Equip Replacement	14
Replacement of thermal imaging cameras at Training Centre	Equip Replacement	15
Provision of smoke exposure monitoring	Buildings Maint	8
Casualty care equipment for emergency response vehicles	Equip Replacement	17
Replacement of fencing at Wellington station	Buildings Maint	11
Additional repairs and maintenance costs at stations, not included within budget	Buildings Maint	29
Recruitment costs and post reviews for senior management posts	Training	50
Consultant support for HR matters	Pensions and Other Staff Issues	26
Legal fees for incident prosecution	General Reserve	76
Total		246

The position of the Authority's reserves, including previously approved transfers and the virements above, but prior to year end movements, is shown in the following table.

Reserve	£'000
General	500
Pensions and Other Staff Issues	1,817
Extreme Incidents	219
Major Projects	5,166
ICT	556
Income Volatility	687
Service Transformation Programme Staff	543
Service Delivery	29
Training	90
Operational Equipment	278
Buildings Maintenance	386
Usable Capital Receipts	210
Total	10,481

5 Capital Programme 2025/26

Members approved the 2025/26 capital programme in February 2025, and these schemes have been added to the schemes approved previously that have not yet been completed.

The Appendix to the report shows progress on the programme to March 2026.

6 Annual Treasury Review 2025/26

Compliance with the Treasury Policy Statement

This review is presented in accordance with the Fire Authority's Treasury Policy Statement, which complies with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management in Local Authorities. The Code requires an annual review report of the previous year.

This is the annual review report for 2025/26.

Treasury Management

Treasury Management in this context is defined as "The management of the local authority's investments, cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

Shropshire Council (SC) carries out treasury management on behalf of the Fire Authority. This entails monitoring bank balances, investing surplus cash in the short term and arranging and advising on borrowing, both long-term and short-term. In practice, investment and borrowing for the Fire Authority is carried out alongside, and in the same manner as, that for the Council.

Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities are required to prepare a Capital Strategy which is intended to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The Capital Strategy was reviewed and approved by the Fire Authority at its meeting in February 2025.

Current Portfolio

The Fire Authority's treasury position at 31 March 2026 is set out below with the previous year in brackets.

		Balance at 31 March 2026 £000	Interest Rate ¹ 25/26 %
a)	Outstanding debt for capital purposes Fixed Rate	5,045 (5,045)	4.27 (4.27)
b)	Investments SC Treasury Team	4,500 (8,500)	4.07 (4.80)

Note¹

The interest rates shown represent:

- The average cost of the debt portfolio; and
- The average return on cash investments during the year.

Borrowing

The Fire Authority's approach to borrowing has continued to be the use of cash balances to finance new capital expenditure, to run down cash balances and minimise counterparty risk incurred on investments.

As a result, no new borrowing was entered into during 2025/26.

Maturity structure of borrowing – the level of debt maturing over the next 50 years is summarised in the table below:

Maturity structure of fixed interest rate borrowing 2025/26		
	Lower	Upper
Under 12 months	0%	4%
12 months to 2 years	0%	8%
2 years to 5 years	0%	11%
5 years to 10 years	0%	37%
10 years to 20 years	0%	7%
20 years to 30 years	0%	29%
30 years to 40 years	0%	4%
40 years to 50 years	0%	0%

Investment Rates in 2025/26

The average daily SONIA (Sterling Overnight Index Average) rate, with which to compare the investment return achieved for the Fire Authority by Treasury Services, was 4.01% for 2025/26.

2025/26 Actual Prudential Indicators

In line with the CIPFA Prudential Code for Capital Finance, the Treasurer is required to establish procedures to monitor performance against all forward-looking prudential indicators and, in particular, that net external borrowing does not (except in the short term) exceed the requirement to borrow for capital purposes.

The legislation requires that actual indicators are produced at the year end and those for 2025/26 are, therefore, set out below.

	2024/25 Actual £000	2025/26 Budget £000	2025/26 Actual £000
Capital Expenditure Payments	6,162	1,364	738
Funding:			
Borrowing	2,193	1,140	413
Reserves / Revenue	3,969	166	325
Capital Receipts	0	58	0
Ratio of Financing Costs to Net Revenue Stream	3.97%	2.94%	0%

	2024/25 Actual £000	2025/26 Budget £000	2025/26 Actual £000
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Capital Financing Requirement

The capital financing requirement has reduced due to the decision to fund capital schemes with reserves and balances, thereby reducing the borrowing requirement.

	14,448	17,378	14,720
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Net Investment

Net borrowing at 31 March 2026 was £0.545m. Gross borrowing of £5.045m was offset by short-term investments of £4.500m.

Actual External Debt

Actual external debt at 31 March 2026 was £5.045m.

The Authority operated within its Operational Boundary (set at £17.378m) and Authorised Limit (£20.378m).

Treasury Management Indicators

1. An upper limit of 100% of external debt can be borrowed at fixed interest rates. All of the Fire Authority's external debt is at fixed rates. All of this debt is also arranged for longer than 10 years, which is in accordance with the Prudential Indicator.
2. No money has been invested for more than 365 days.
3. At 31 March 2026, all funds were invested at fixed rates.

Current Investments

At 31 March 2026, funds invested are shown below:

Counterparty	£m
Blaenau Gwent Council	2.00
Handelsbanken	1.80
Lloyds Bank	0.50
Debt Management Office	0.20
Total	4.50

The Authority's Treasury advisors view other local authorities as safe counterparties as they are unlikely to go bust, however Treasury staff monitor any issues very closely.

Handelsbanken is a Swedish bank which remains on the Authority's current acceptable counterparties list for investment.

The interest on investments earned to the end of March is £349,858 – an average rate of return of 4.07%.

7 Financial Implications

The financial implications are as set out in the main body of the report.

8 Legal Comment

There are no direct legal implications arising from this report.

9 Initial Impact Assessment

An Initial Impact Assessment has been completed.

10 Appendices

Capital Monitoring to 31 March 2026.

11 Background Papers

There are no background papers associated with this report.

Capital Budget Monitoring 2025/26

Account	Cost Centre	Project Code	Project	Scheme Description	Budget <2025/26 £'000	Budget 2025/26 £'000	Total £'000	Spend £'000	Commitments £'000	Balance £'000	Comments
C1007	WTRN	TRNG	On Call Sustainability	Training and Development Facilities	1,189		1,189			1,189	
C2001	WFLE	SPEC	Resources	Replacement of Prime Mover, Water Carrier, Environmental and Foam Pods (Outcome of Water Review)	400		400	186	180	34	Water carrier has been ordered with build to start in Jan 26. This will replace Bridgnorth's water carrier. £334k is the base vehicle price, there is approx £26k of additions i.e. x2 10,000 litre water dams to replace life expired equipment. Delivery is expected July. The environment pod element of this project is still outstanding, though the current pod and vehicle are in good condition they are old (2003). A large van is looking like the preferred option and will be more cost effective. The remaining budget will not facilitate this though the reserve rescue tender budget will leave underspend, this will be clearer when tender returns for than appliance have been received.
C2001	WFLE	RESC	Resources	Review and replacement of reserve rescue tender	500		500			500	Tender is about to be re- released using the Blue Light Commercial Procurement Framework.
C2001	WFLE	ALPL	Resources	Replacement of ALP (Outcome of Working at Height Review)	1,387		1,387			1,387	Potential replacements for this vehicle are currently being reviewed as part of the Community Risk Management Plan
C4001	WICT	CCSR	Fire Control	Command and Control System Replacement	275		275		270	5	
C1007	WFAC	MITC	Telford Refurbishment	Major improvements at Telford	2,748		2,748	73		2,675	Significant progress being made with snagging programme by McPhillips. Additional post handover works identified and in course of procurement.
C1007	WFAC	MITC	Telford Refurbishment	Major improvements at Telford - ICT (approved CFA 25/06/25)	25		25			25	Spend on this scheme has been incorporated in IT Infrastructure works and the balance will be transferred
C1007	WFAC	MITC	Telford Refurbishment	Major improvements at Telford - Control (approved CFA 25/06/25)	400		400	14		386	Contract has been awarded for the AV solution, which is the main part of the Control Room installation. It is currently being drafted and reviewed, and an update to the definitions within standard Terms and Conditions has been required. Once the revised Terms and Conditions have been finalised, the contract will be issued to the supplier for review and execution. Timescales remain on track. In the interim, a holding purchase order has been raised to enable the supplier to proceed with equipment procurement. This will be superseded by the formal contract once fully signed. <i>Purchases for furniture and ICT hardware to be completed over the next 6 weeks</i>
C1007	WFAC	MITC	Telford Refurbishment	Major improvements at Telford - Furniture (approved CFA 25/06/25)	48		48	22		26	This scheme is complete
C1007	WICT	IACS	New Ways of Working	Integrated Access Control System (approved CFA 11/02/25)	0	250	250	214		36	Phase 1 of the Access Control system upgrade completed across 6 of the 8 sites planned for 25/6 FY
C4001	WICT	MDTS	New Ways of Working	MDT Software	0	286	286	57	229	0	Order has been placed for implementation, development and set up costs for MDT software
C4001	WICT	MDTR	New Ways of Working	MDT Hardware	0	160	160	160		0	This scheme is complete
C4001	WICT	EMCP	New Ways of Working	Data Centre	248		248			248	
C1007	WFAC	RSBW	New Ways of Working	WT and On call Station Building Works	809	300	1,109	172		937	Replacement windows and doors programme now completed at the 9 stations in line with security requirements and linked in with Phase 1 of the Integrated Access Control system works.
C4001	WICT	ITIN	New Ways of Working	Network Switches	0	92	92	56		36	Order placed for replacement switches.
C4001	WICT	ITIN	New Ways of Working	IT Infrastructure	0	120	120	101	6	13	Orders have been placed for hardware replacement programme and purchase made for handsets
C4001	WICT	ASEE	New Ways of Working	Alerters and Station End Equipment	52		52	24		28	
C2001	WFLE	APPL	New Ways of Working	Replacement of Appliances - 24/25 replacement	0		0			0	This scheme is complete
C2001	WFLE	APPL	New Ways of Working	Replacement of Appliances - 25/26 replacement	0	140	140			140	This scheme is complete
C2001	WFLE	APPL	New Ways of Working	Replacement of Appliances - 23/24 replacement	0		0			0	This scheme is complete
C2001	WFLE	VBKR	New Ways of Working	Vehicle Brake Roller	8		8	7		1	This scheme is complete
C4001	WICT	MDOI	New Ways of Working	Replacement of Mobile Devices	60		60	32		28	
C1112	WEAU	BAUP	New Ways of Working	Breathing Apparatus Upgrade	225		225			225	Options for this upgrade are being reviewed by Senior Management Team
C2001	WFLE	OFFS	New Ways of Working	Officers Emergency Response Vehicles	0	304	304	7		297	The first batch of FDU cars is due in Nov 2026. Diesel cars are increasingly being phased out by manufacturers in favour of petrol, hybrid or full EV, for this round of FDO cars petrol is favoured rather than a full move to Hybrid or EV. The UK move to hybrid or EV is not mandated until 2030, a move to petrol now will move the service away from diesel in preparation for a move to petrol/hybrid in the next round of FDO cars. Extensive work on internal charging infrastructure is required before the purchase of a volume of hybrid or EV cars.
C2001	WFLE	LVR5	New Ways of Working	Light vehicle replacements	6	120	126	40		86	A light van for TC Training has been ordered. One hybrid Ford Kuga for Fire Safety has also also been ordered.

C1112	WFLE	HYEQ	New Ways of Working	Hydraulic Equipment replacement	25	70	95	103	-8	This scheme is complete
C2001	WFLE	RFSV	New Ways of Working	Replacement of Fire Safety Vehicles	15		15		15	This scheme is complete, with the balance being transferred to light vehicles
			New Ways of Working	Decontaminant Equipment Review	100		100		100	
C2001	WFLE	LIPU	CRMP Outcomes	Light Pumping Unit	500		500		500	Options for this vehicle are being reviewed as part of development of requirements to meet the CRMP
C2001	WFLE	SWRA	CRMP Outcomes	Specialist Water Rescue Assets	200		200		200	This will replace the 5t boat towing van, station engagement has started and options are being investigated, it is likely that the replacement will be another 4x4 large van with some enhancements i.e. a permanently mounted winch and an enhanced wading capability.
C2001	WFLE	EVFP	CRMP Outcomes	Electric Vehicle Fire Provision	200		200		200	Operational requirements for equipment for appliances to be confirmed
C2001	WFLE	WATH	CRMP Outcomes	Working at Height - Rope Rescue Vehicle and Equipment	80		80		80	Options for this vehicle are being reviewed as part of development of requirements to meet the CRMP
C1112	WEAU	ROFK		Helmet Replacement	0	200	200		200	
				Total	9,500	2,042	11,542	1,268	685	9,589